

**City Council of the City of New Castle
Special Meeting
Town Hall, 201 Delaware Street, New Castle
Tuesday, January 27, 2015 at 7:00 p.m.**

Call to order: 7:01 p.m.

Roll Call:

Councilperson Megginson
Councilperson Cochran
Council President Ratchford
Councilperson Vannucci

Also present:

William Barthel, City Administrator
Donald Reese, Mayor
Janet Carlin, City Treasurer
Kathleen M. Walls, Finance Coordinator

President Ratchford welcomed Vincent Barbone of Haggerty & Haggerty, P.A. to present the audit of the City ending June 30, 2013.

Mr. Barbone briefly described the contents of the audit report by document and explained that the additional reports that are not required are included to provide greater transparency and accountability.

The City is transitioning to accrual accounting and the process is almost complete. The Federal Government and most banks prefer accrual statements.

The costs of each department with offsets specific to those costs are illustrated on pages 4 and 5.

Page 6 presents the statement from the perspective of the General Fund comparison of 2013 vs. 2012.

The City has a 3-month reserve which is considered typical. Six months in reserve would be ideal but will be difficult to meet.

Mr. Barbone recommends that the City meet with the bank to propose combining all deposits at one institution in exchange for a higher interest rate and to have collateral committed against the deposits to protect funds in excess of \$250,000.

The two questions for City Council's consideration are how to fund reserves and how to fund the major capital projects that are in the pipeline. Councilperson Cochran recommended borrowing the funds at current low interest rate and keeping the cash in reserve. Mr. Barbone recommends establishing a line of credit for major projects. The City can issue tax-exempt

bond for major projects. Mr. Barbone recommends that the City create a trust account that would not be listed as a bank asset in case of bank failure. The purpose is to reduce risk.

Pages 8 through 11 explain the accounting principles used to derive the numbers in the reports.

Page 18 shows a very favorable outcome for 2013 showing the City ended the year with \$122,000 more than budgeted and expected.

President Ratchford questioned the lack of a management report that summarizes the report. Mr. Barbone will provide a template that Mr. Barthel and Ms. Walls can use to create the report.

Mr. Barbone presented a document that is the assessment and opinion of Haggerty & Haggerty regarding the audit.

Motion, Discussion and Vote on Resolution 2015-05, A Resolution to review and approve the FY13 City Audit.

The Motion to consider Resolution No. 2015-05 was made by Councilperson Cochran and seconded by Councilperson Vannucci.

President Ratchford read the resolution.

Resolution No. 2015-05 passed unanimously.

Mid-Year Budget Review.

Mr. Barthel, City Administrator presented the mid-year budget review with the assistance of Ms. Kathleen Walls, Finance Coordinator. There was nothing unexpected or surprising to them.

Revenue appears to be on target with six more months remaining in the fiscal year. Mr. Barthel is very confident of about 92% of the remaining revenue. Some of the costs are difficult to predict but nothing is running dramatically in excess of the budgeted amount without reasonable cause. Insurance costs are higher than anticipated because only premiums were budgeted and insurance copays had to be paid as a result of lawsuits.

The mid-year expenses for each department were reviewed. Accounts with large variances were highlighted and reviewed.

Councilperson Cochran and President Ratchford thanked Ms. Walls for her presentation of the current numbers.

The motion to adjourn was made by Councilperson Cochran, seconded by Councilperson Megginson and passed unanimously. Council adjourned at 8:24 p.m.

City Council met in Executive Session to discuss potential litigation and a personnel contract.

Respectfully submitted,

Janet Wurtzel
Clerk of the City of New Castle